

**Senate File 107 - Introduced**

SENATE FILE 107

BY ZAUN

**A BILL FOR**

1 An Act relating to the taxpayers trust fund by modifying the  
2 transfer of moneys from the Iowa economic emergency fund  
3 to the taxpayers trust fund, creating an Iowa tax rebate  
4 payable from the taxpayers trust fund, creating a related  
5 individual income tax exemption, and making appropriations,  
6 and including effective date and retroactive applicability  
7 provisions.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

TAXPAYERS TRUST FUND

Section 1. Section 8.54, subsection 5, Code 2013, is amended by striking the subsection.

Sec. 2. Section 8.55, subsection 2, Code 2013, is amended to read as follows:

2. The maximum balance of the fund is the amount equal to two and one-half percent of the adjusted revenue estimate for the fiscal year. If the amount of moneys in the Iowa economic emergency fund is equal to the maximum balance, moneys in excess of this amount shall be ~~distributed as follows:~~

~~a. The first sixty million dollars of the difference between the actual net revenue for the general fund of the state for the fiscal year and the adjusted revenue estimate for the fiscal year shall be transferred to the taxpayers trust fund.~~

~~b. The remainder of the excess, if any, shall be transferred to the general fund of the state.~~

Sec. 3. Section 8.58, Code 2013, is amended to read as follows:

**8.58 Exemption from automatic application.**

1. ~~To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys~~ Moneys ~~appropriated under in~~ section 8.57 and moneys contained in the cash reserve fund, rebuild Iowa infrastructure fund, environment first fund, Iowa economic emergency fund, and taxpayers trust fund shall not be considered in the application of any formula, index, or other statutory triggering mechanism which would affect appropriations, payments, or taxation rates, contrary provisions of the Code notwithstanding.

2. ~~To the extent that moneys appropriated under section 8.57 do not result in moneys being credited to the general fund under section 8.55, subsection 2, moneys~~ Moneys ~~appropriated under in~~ section 8.57 and moneys contained in the cash reserve fund, rebuild Iowa infrastructure fund, environment first fund,

1 Iowa economic emergency fund, and taxpayers trust fund shall  
2 not be considered by an arbitrator or in negotiations under  
3 chapter 20.

4 Sec. 4. EFFECTIVE UPON ENACTMENT. This division of this  
5 Act, being deemed of immediate importance, takes effect upon  
6 enactment.

7 Sec. 5. RETROACTIVE APPLICABILITY. This division of this  
8 Act applies retroactively to July 1, 2012, to moneys attributed  
9 to fiscal years beginning on or after July 1, 2012.

10 DIVISION II

11 IOWA TAX REBATE

12 Sec. 6. Section 422.7, Code 2013, is amended by adding the  
13 following new subsection:

14 NEW SUBSECTION. 6. a. Subtract the refund received from  
15 the Iowa tax rebate pursuant to the section of this division of  
16 this Act providing for the Iowa tax rebate, to the extent that  
17 the refund increased federal adjusted gross income.

18 b. This subsection is repealed on June 30, 2018.

19 Sec. 7. TAXPAYERS TRUST FUND — IOWA TAX REBATE  
20 APPROPRIATION. The balance of the taxpayers trust fund  
21 as determined after the close of the fiscal year beginning  
22 July 1, 2012, and ending June 30, 2013, including the amount  
23 transferred for that fiscal year to the taxpayers trust fund  
24 from the Iowa economic emergency fund created in section 8.55  
25 in the fiscal year beginning July 1, 2013, and ending June 30,  
26 2014, is appropriated from the taxpayers trust fund to the  
27 department of revenue for the fiscal year beginning July 1,  
28 2013, and ending June 30, 2014, to be used for payment of the  
29 Iowa tax rebate in accordance with the section of this division  
30 of this Act providing for the Iowa tax rebate.

31 Sec. 8. IOWA TAX REBATE.

32 1. For purposes of this section:

33 a. "Eligible individual" means an individual who makes  
34 and files an individual income tax return pursuant to section  
35 422.13 for the tax year beginning in 2012, and who has a state

1 income tax liability for the tax year beginning in 2012. An  
2 eligible individual does not include an estate or trust, or an  
3 individual for whom a 2012 individual income tax return was not  
4 timely filed, including extensions.

5 b. "State income tax liability" means the taxes computed  
6 under section 422.5, less the amounts of refundable and  
7 nonrefundable credits allowed under chapter 422, division II,  
8 except the credits for withheld tax and estimated tax paid  
9 under section 422.16.

10 2. An eligible individual shall be treated as having made an  
11 additional payment against the taxes imposed in chapter 422,  
12 division II, for the tax year beginning in 2012, in an amount  
13 as determined in subsection 3.

14 3. The payment amount treated as made by the eligible  
15 individual shall be equal to the quotient of the amount  
16 appropriated to the department of revenue by this division of  
17 this Act for purposes of the Iowa tax rebate divided by the  
18 number of eligible individuals, as determined by the director  
19 of revenue in accordance with this section, rounded down to the  
20 nearest whole dollar.

21 4. The payment of tax deemed made under subsection 2 by  
22 an eligible individual shall be considered an overpayment and  
23 shall be credited by the department of revenue against any  
24 tax due under chapter 422, division II, from the eligible  
25 individual who is deemed to have made the overpayment. If an  
26 overpayment remains after the credit is applied to the amount  
27 of tax due, the remaining amount shall be refunded by the  
28 department of revenue no later than June 30, 2014.

29 5. Notwithstanding any other provision of this division of  
30 this Act or chapter 422, interest shall not be allowed on any  
31 overpayment attributable to this section.

32 Sec. 9. EFFECTIVE UPON ENACTMENT. This division of this  
33 Act, being deemed of immediate importance, takes effect upon  
34 enactment.

35 EXPLANATION

1     This bill relates to the taxpayers trust fund by modifying  
2 the transfer of moneys from the Iowa economic emergency fund to  
3 the taxpayers trust fund, creating an Iowa tax rebate payable  
4 from the taxpayers trust fund, creating a related individual  
5 income tax exemption, and making an appropriation from the  
6 fund.

7     Division I of the bill relates to the transfer of moneys from  
8 the Iowa economic emergency fund to the taxpayers trust fund.

9     Under current law in Code section 8.55, when the balance of  
10 the Iowa economic emergency fund is equal to the fund's maximum  
11 balance, the excess is first distributed to the taxpayers trust  
12 fund up to a formula amount and the remainder is transferred to  
13 the general fund of the state. The division provides that the  
14 entire excess is transferred to the taxpayers trust fund and  
15 moneys would no longer be transferred to the general fund of  
16 the state.

17     Code section 8.54, relating to the state general fund  
18 expenditure limitation, is amended to delete a subsection that  
19 provides for readjustment of the expenditure limitation to  
20 reflect moneys anticipated to be transferred to the general  
21 fund of the state from the Iowa economic emergency fund.

22     Code section 8.58, providing an exemption from statutory  
23 triggering mechanisms and consideration by an arbitrator or in  
24 a collective bargaining negotiation under Code chapter 20 for  
25 moneys in various funds, is amended to eliminate a reference  
26 to the transfer from the Iowa economic emergency fund to the  
27 general fund of the state.

28     The division takes effect upon enactment and applies  
29 retroactively to July 1, 2012, to moneys attributed to fiscal  
30 years beginning on or after July 1, 2012.

31     Division II relates to an Iowa tax rebate payable from an  
32 appropriation from the taxpayers trust fund, and an Iowa income  
33 tax exemption for the Iowa tax rebate.

34     The bill appropriates the balance of the taxpayers trust  
35 fund, as determined after the close of fiscal year 2012-2013,

1 including the amount transferred for that fiscal year from the  
2 Iowa economic emergency fund to the taxpayers trust fund in  
3 fiscal year 2013-2014, to the department of revenue for the  
4 purpose of providing an Iowa tax rebate.

5     The bill provides a one-time individual income tax rebate  
6 to eligible individuals using the moneys appropriated from the  
7 taxpayers trust fund to the department of revenue. "Eligible  
8 individual" is defined as an individual who timely filed an  
9 Iowa individual income tax return for 2012, and who had a state  
10 income tax liability for 2012. An eligible individual does not  
11 include an estate or trust. "State income tax liability" is  
12 defined as the tax computed under Code section 422.5, less the  
13 amounts of refundable and nonrefundable credits allowed under  
14 Code chapter 422, division II, except the credits for withheld  
15 tax and estimated tax paid in Code section 422.16.

16     Each eligible individual is treated as having made an  
17 additional payment against the individual's 2012 income tax  
18 liability in an amount equal to the quotient of the total  
19 appropriation for the Iowa tax rebate divided by the number  
20 of eligible individuals, rounded down to the nearest whole  
21 dollar. The director is required to refund no later than June  
22 30, 2014, any amount attributable to this payment that exceeds  
23 the individual's tax liability.

24     The bill also provides an exemption from the state  
25 individual income tax for the amount received from the Iowa  
26 tax rebate to the extent the rebate increased federal adjusted  
27 gross income. The income tax exemption is automatically  
28 repealed on June 30, 2018.